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News Release

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Lawyer pleads guilty to more than \$3 million mortgage fraud scheme

Today in federal court in Minneapolis, Minnesota, a 38-year-old lawyer from Hudson, Wisconsin, pleaded guilty to mortgage fraud by stealing more than \$3 million from the escrow account at the real estate title and settlement company he jointly owned. Appearing before United States District Court Judge Patrick Schiltz in St. Paul, Jason Eric Fischer pleaded guilty to one count of mail fraud and one count of money laundering in connection to his crime. Fischer was charged by way of an Information on January 28, 2010.

In his plea agreement, Fischer admitted that from 2006 through May 2009, he orchestrated a scheme to divert funds from the escrow account at Real Source Title, a company he jointly owned and managed. The company, which had offices in Mahtomedi and Burnsville in addition to Illinois and Hudson, Wisconsin, routinely accepted wire transfers and checks from buyers and lenders. Those funds were to be held in escrow for the sole purpose of closing residential real estate transactions.

To further his scheme, Fischer represented to buyers, lenders, underwriters, and others that the money deposited into the company's escrow account was, in fact, used only to close real estate transactions. He made those representations by producing and mailing false HUD-1 settlement statements to people of interest. In truth, however, Fischer regularly withdrew escrow-account money to pay for personal and business expenses as well as fund prior company real estate transactions. In 2008, for example, Fischer invested approximately \$500,000 in escrow dollars into the opening and operation of a restaurant.

Between 2006 and May 2009, Fischer diverted approximately \$3 million from the escrow account at Real Source Title; and by May 2009, the account was depleted and unable to fund 15 loans. As a result, buyers, sellers, lenders, underwriters, and others suffered significant financial loss.

Specifically regarding the mail fraud count, Fischer sent a fraudulent HUD-1 settlement statement to Wells Fargo Bank by way of commercial carrier on April 16, 2009. As to the money laundering count, Fischer caused a monetary transaction to occur involving \$12,153.72 in proceeds from the illegal scheme.

For his crimes, Fischer faces a potential maximum penalty of 20 years in prison on the mail fraud count and 10 years in prison on the money laundering count. Judge Schiltz will determine his sentence at a future date.

This case is the result of an investigation by the Federal Bureau of Investigation and the Internal Revenue Service-Criminal Investigation Division. It is being prosecuted by Assistant U.S. Attorney Chris Wolfe.